

**COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

**RESPONSE OF THE ATTORNEY GENERAL TO THE
RECORD REQUESTS FROM
THE DEPARTMENT
D.T.E. 05-27**

Dated: August 10, 2005

Responsible Witness: David Effron

Record Request DTE-122: Should the operating revenue per books be reduced once you make the \$2,159,000 adjustment to O&M expense?

Response: No. The \$2,159,000 adjustment to O&M expense backs out the Company's reduction to O&M expense of \$9,227,000, because the \$9,227,000 is recovered through reconciling mechanisms. Had the \$9,227,000 not been backed out, then adjustment to O&M expense recovered through base rates would have been a reduction to O&M expense of \$7,068,000 (and an expected corresponding increase to the operating margin) rather than an increase of \$2,159,000. As the effect of this adjustment has been eliminated in my analysis, there is no need to make a corresponding reduction to operating revenue.